ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN FEBRUARY

Business activity continued to improve in February on a broad front. Increased activity was reported in many different industries, ranging from autos and appliances to textiles and coal. Steel production increased appreciably in February. The steel operating rate rose to nearly 92 percent of capacity in the last week of the month, and total production was higher than in any week since early June, 1953. Production of automobiles and many appliances remained at high rates in February while such previously depressed industries as coal and textiles appeared to be making sharp recoveries.

Department store sales in February were down somewhat from the previous month, after seasonal adjustments, but exceeded the level of sales last February by 2 percent. For the first two months of this year, sales of department stores were 6 percent higher than in January and February of last year.

Employment Down Slightly

About 200,000 fewer people were employed in February than in the preceding month or in last February. The decline in employment from the January level was due to continued layoffs in farm, construction, and other outdoor types of work and to a slight seasonal reduction in retail trade activity. Factory employment moved up sharply, particularly in machinery and primary metals, but not enough to offset the declines in the other sectors.

Unemployment in February totaled 3.4 million, slightly higher than in January. However, there were nearly 300,000 fewer unemployed than in February of last year, the first time this year-to-year comparison has been favorable since the fall of 1953.

Stability of Prices

For nearly two and one-half years, wholesale prices have exhibited remarkable stability. During a period in which the market value of the nation's quarterly production of goods and services rose from $345 billion, at annual rates, to $370 billion, then declined to $355 billion and subsequently recovered, the Bureau of Labor Statistics index of wholesale prices has fluctuated within a range of less than 1.5 percent. At about 110.3 percent of its 1947-49 average, the February value of the index was much the same as in the preceding month and fractionally below the index figure for February, 1954.

This over-all stability, however, has not held for individual groups of commodities and is, in fact, the result of cancellation of opposite movements in these groups. Since October, 1952, the wholesale prices of farm products have declined nearly 12 percent, on the average, and that of processed foods, more than 5 percent. These declines have been offset by rises in the prices of such other commodities as chemicals, machinery, minerals (both metallic and other), and particularly tobacco and bottled beverages.

Construction Sets New Record

No letup in the construction boom was evident in February. The value of new construction put in place set a new record for the month, although down seasonally by 5 percent from the January figure. The $2.6 billion spent on new construction in February exceeded the previous record for the month, established in February, 1954, by 12 percent.

An upsurge in private building activity more than accounted for the rise, as outlays in this sector exceeded February, 1954, levels by 21 percent. This increase more than offset a decline of 8 percent in expenditures for new public construction relative to the February, 1954, figure.

Compared with construction activity in January, outlays for factories, warehouses, and office buildings declined less than usual, whereas expenditures for stores and other mercantile building actually rose, contrary to the usual seasonal pattern.

Manufacturers' Sales, New Orders

Manufacturers' business continued to improve in January, as new orders received during the month exceeded manufacturers' sales by over one billion dollars. Most of the excess was in durable goods industries, with new orders received by nondurable goods manufacturers being only slightly more than their sales in the month. As a result, unfilled orders on the books of durable goods producers rose nearly $1 billion to $45.4 billion, whereas unfilled orders of nondurable goods manufacturers increased $200 million to $2.9 billion.

Total sales of manufacturers in January amounted to $24.2 billion, more than a billion dollars above the level of sales in January, 1954. Durable goods producers have benefited most from the sales recovery, their business increasing 7.3 percent while that of nondurable goods producers rose only 2.5 percent. On a seasonally adjusted basis, the sales of durable goods producers in January was somewhat higher than in the preceding month, whereas sales of nondurable goods were slightly lower.

WHERE OUR NATIONAL ECONOMY IS HEADING · By Grover W. Ensley · Page 8

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Turnabout: 1947-1955

The early months of 1955 have brought a situation which contrasts strongly with that of early 1947. Then, business was just entering a great postwar boom, but most everybody took a gloomy view of economic prospects. Now, the boom has gone on expending its energy for eight years, but most everybody is optimistic about the outlook.

Today, as always, there is the tendency to project what is into what will be. The "new era" optimism of the late 1920's had seemingly firm foundations, and the "stagnation" theories of the late 1930's were supported by almost a decade of chronic unemployment. In early 1955, with the stock market forging ahead to new highs and the general economy near the all-time peak, it is easy to think in big terms about a rising future.

The Optimists' Creed

The painful days of the Great Depression are not so long gone that they have ceased to serve as reminders of what can happen. The dangers are recognized; but the optimists have developed a new creed that offers a basis for brushing fears aside. This creed embodies a statement of changes in the economic and political structure of the community, instituted during the last two decades, which presumably ensure against any "deep depressions in the discernible future."

According to this view, there are factors that automatically come into play to support the economy whenever a decline gets under way. If these "built-in" stabilizers are not sufficient to stop it, the government will put still other measures into effect in order to carry out its responsibility under the Employment Act of 1946. Any recession will be limited, not only by these measures, but by strong natural growth trends in population, living standards, and other factors underlying economic demand.

The automatic stabilizers which help to maintain consumer income and spending on the decline include unemployment compensation, farm price supports, and highly flexible taxes. Their action has been demonstrated within the past year. Another factor usually placed in this category is the bolstering of the banking system by deposit insurance and other measures to prevent bank failures. As a result, there is nothing in the entire money or debt situation, with the possible exception of consumer credit, that poses any threat of an accelerating decline.

More positive action to counter a decline is looked for in the sphere of other government programs, such as further tax rate reductions and expanded public works programs. It is frequently asserted that even if the politicians do not like such measures, they will act when the time comes, because the votes depend on it. Therefore, no Administration or Congress can ever again afford to stand by while unemployment mounts.

Underlying growth trends also have the effect of limiting declines and promoting earlier recovery. Even now they are at work, helping to keep the boom progressing. Many businessmen are currently investing in new plant and equipment on the theory that even if conditions don't remain good throughout the next decade, they will be good before it ends, so that capacity built now will surely be needed. This line of reasoning is commonly supported by "models" of the economy in 1960, 1965, or some other year judged to span an appropriate interval for investment planning.

Chinks in the Armor

Altogether, this looks like a very impressive position. It is not so strong, however, that it offers any real guarantee against future depressions.

The automatic stabilizers, for example, are moderating influences only. They cannot prevent, but only cushion a setback; and their effectiveness will weaken as a decline progresses.

Dependence on government action may also be a bit unrealistic about both the mechanics of government programming and the magnitude of the problem. Nothing can be accomplished by just wishing. Specific proposals are always a matter of disagreement, debate, and controversy. Some measures will, of course, be approved. But how soon and how much? A major decline would require positive programs far beyond anything now contemplated. Belated action of modest dimensions would help to moderate such a decline, without bringing it to a halt.

Trends, too, though serving the needs of some businesses well, hardly provide a sound basis for considering future results assured. Their validity, whether or not they are supported by over-all models, depends on the series of assumptions implicit in their projection. The trends themselves may be modified considerably by changes in business activity, at least for extended periods — witness, for example, the pessimistic population projections that were generally accepted before and just after World War II. Moreover, trends say nothing about the crux of the problem — the potential large deviations that develop out of the business cycle. Throughout our history, upward trends have prevailed. They have not prevented past depressions, and at times their very existence was in doubt until developments again pushed activity up to new highs.

Never Again So Bad

Although there are these qualifications on the optimistic view, the factors mentioned do have definite force for advance or for recovery. On the other hand, that view completely overlooks the fact that there are increasing elements of instability in the picture also. The forces of cyclical instability are inherent in our tremendous productive capacity and in the magnitude of the stocks of durable goods currently in use. The higher the capacity of an economy, the higher production can rise during the boom and the further it can fall on the decline. The larger the stocks of durable goods in use, the longer essential services can be provided without new production of such goods.

(Continued on page 6)

MINERAL PRODUCTION

The production of minerals in Illinois is not always considered a principal industry. However, during each of the past five years, Illinois has turned out minerals valued at a half billion dollars or more, and in 1953 the State ranked seventh in the nation in the total value of mineral output.

In 1953 the value of Illinois mineral production was as follows:

	1953 (thousands of dollars)	*Percent increase 1939-1953*	*Percent of U.S. production*
Total	502,625	134	n.a.
Fuels			
Coal (bituminous)	180,647	131	10.2
Petroleum and gas	184,091	81	2.5
Stone, rock products	57,355	259	6.1*
Clay, clay products	47,445	310	10.0
Sand and gravel	17,161	236	5.6*
Fluorspar	9,050	452	55.1
Other	6,877	522	n.a.

n.a. Not available.
* 1952 percentage.

Coal and petroleum remain the leading resources in terms of value, but limestone, fluorspar, stone, and gravel are substantial contributors which are rapidly becoming more important.

Fuels

The basic fuels in common use today are coal, petroleum, and natural gas, with coal being the most important single source of energy. Illinois, the fourth largest coal-producing state, provides 10 percent of the nation's bituminous coal and has estimated reserves of 137 billion tons, or about 300 times the 1953 output.

Although there has been a steady increase in coal consumption by the electric utility and steel industries, the over-all trend appears to be downward. The explanation lies in the sharp decrease in coal consumption by its other principal customers — the railroad industry and commercial and residential users. During 1953 the railroads used only 35 percent of the amount used in 1939 because of the large increase in the use of Diesel-electric locomotives. Out of 1,990 new locomotives delivered, 1,972 were Diesels, four gas turbine-electric, and only 14 of the coal-burning type.

Illinois ranks eighth among the states in volume of oil production, but this high rank looks less impressive in terms of percentage of total output. Owing to the high concentration of output in a few key states, Illinois produced only 2.5 percent of the nation's petroleum. Of the 59 million barrels produced in Illinois in 1953, more than 12 million barrels or 20 percent of the State's total oil production is attributed to secondary water flooding operations. This procedure consists of pumping into a high-pressure injection system a solution of water and brine, which in turn rebuilds the pressure within the well, thus allowing the pumping of much petroleum which could not be recovered otherwise.

Production of natural gas in 1953 totaled more than 35 billion cubic feet with the bulk of this being solution gas from oil wells. Less than a quarter billion cubic feet came from gas wells in oil fields, and only 39 million cubic feet from gas fields. With only 272 million cubic feet of gas being consumed during the year, many gas wells have been shut in or abandoned because of a lack of market.

Stone, Clay, and Gravel

Limestone is the dominant element in the Illinois stone industry. It is an extremely versatile mineral, its principal uses being for concrete, agriculture, metallurgy, and cement production. Illinois ranks third among the states both in value and in amount of limestone and other stone products produced annually.

Illinois also leads in the production of portland cement and is one of the largest consumers of cement in the nation. The ingredients used to make portland cement — lime, silica, iron, oxide, and gypsum — are all found in plentiful quantities within the State. With the continued increase in building and road construction, the cement industry seems assured of an increasingly important position in our expanding economy.

Illinois is the top brick-producing state in the nation. The brick companies also make other clay products such as hollow tile, sewer pipe, drain tile, flue lining, and floor, wall, and roofing tile. These structural clay items, together with pottery and whiteware, produced an income of nearly $50 million in Illinois in 1954.

The largest single use for Illinois sand and gravel is in building construction, with paving and roads next in importance. Silica sand — used largely for glass, blast sand, steel-moulding, grinding, and polishing — is mined chiefly by open-pit methods. The principal output is concentrated in the Ottawa district, the leading center of silica sand production in the United States.

Chemicals

An important use of limestone is in agriculture where it is finely ground and used as a fertilizer. Such limestone, commonly called agstone, serves as an alkali to neutralize the acidity of the soil. Illinois has numerous deposits of agstone and ranks first among the states in the amount of liming material used in soil treatment.

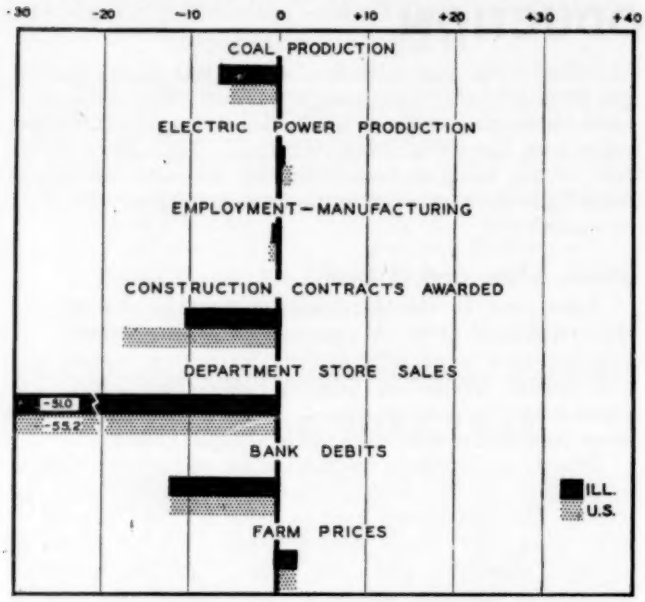
The largest deposits of fluorspar in the United States are found in southern Illinois and constitute 50 to 60 percent of the nation's production. This mineral is used extensively in the manufacture of steel, aluminum, glass, enamel, hydrofluoric acid, and many fluorine compounds.

The increasing demand for fluorspar in recent years has been met by sharp increases in imports from abroad as well as by high local production. In 1953 imports of fluorspar exceeded domestic output by 11 percent. Although foreign competition has depressed local production somewhat, it has also served to reduce the pressure on our reserves. By taking advantage of foreign mine output, our present deposits will not be depleted so rapidly as in the past, and may be preserved for any national emergency.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes December, 1954, to January, 1955



ILLINOIS BUSINESS INDEXES

Item	January 1955 (1947-49 =100)	Percentage Change from Dec. 1954	Percentage Change from Jan. 1954
Electric power[1]	205.2	+ 0.6	+12.1
Coal production[2]	87.7	− 7.0	+ 0.5
Employment—manufacturing[3]	101.4	− 0.7	− 3.7
Weekly earnings—manufacturing	137.8[a]	+ 1.1	+ 2.5
Dept. store sales in Chicago[4]	109.0[b]	− 0.9	+ 6.9
Consumer prices in Chicago[5]	117.0	0.0	+ 0.3
Construction contracts awarded[6]	172.1	−10.6	+22.3
Bank debits[7]	149.2	−12.4	+ 7.0
Farm prices[8]	85.0[c]	+ 2.4	−11.5
Life insurance sales (ordinary)[9]	173.8	−10.5	+21.0
Petroleum production[10]	116.1	+ 4.6	+22.2

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] December data; comparisons relate to November, 1954, and December, 1953. [b] Seasonally adjusted. [c] Revised series.

UNITED STATES MONTHLY INDEXES

Item	January 1955	Percentage Change from Dec. 1954	Percentage Change from Jan. 1954
	Annual rate in billion $		
Personal income[1]	290.7[a]	− 0.2	+ 2.0
Manufacturing[1]			
Sales	297.6[a]	0.0	+ 3.8
Inventories	43.6[a, b]	− 0.2	− 6.0
New construction activity[1]			
Private residential	13.1	−10.1	+33.7
Private nonresidential	11.2	− 5.3	+ 4.7
Total public	8.8	− 6.3	0.0
Foreign trade[1]			
Merchandise exports	15.7[c]	+ 5.6	− 3.1
Merchandise imports	11.3[c]	+12.3	+ 3.9
Excess of exports	4.4[c]	− 8.4	−17.2
Consumer credit outstanding[2]			
Total credit	29.7[b]	− 1.5	+ 3.3
Installment credit	22.4[b]	− 0.1	+ 2.7
Business loans[2]	22.1[b]	− 1.9	− 2.0
Cash farm income[3]	28.8	−14.3	−11.1
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	131[a]	+ 0.8	+ 4.8
Durable manufactures	146[a]	+ 0.7	+ 3.5
Nondurable manufactures	119[a]	+ 0.8	+ 5.3
Minerals	121[a]	+ 3.4	+ 7.1
Manufacturing employment[4]			
Production workers	102[a]	− 0.2	− 3.6
Factory worker earnings[4]			
Average hours worked	101	− 1.0	+ 2.0
Average hourly earnings	138	+ 0.5	+ 2.2
Average weekly earnings	140	− 0.4	+ 4.3
Construction contracts awarded[5]	197	−17.8	+30.6
Department store sales[3]	117[a]	− 0.8	+ 9.3
Consumers' price index[4]	114	0.0	− 0.8
Wholesale prices[4]			
All commodities	110	+ 0.6	− 0.6
Farm products	93	+ 3.3	− 5.0
Foods	104	+ 0.2	− 2.4
Other	115	+ 0.3	+ 0.6
Farm prices[3]			
Received by farmers	90	+ 2.3	− 6.2
Paid by farmers	113	+ 0.9	0.0
Parity ratio	86[d]	0.0	− 6.5

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] As of end of month. [c] Data are for December, 1954; comparisons relate to November, 1954, and December, 1953. [d] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1955 Feb. 19	1955 Feb. 12	1955 Feb. 5	1955 Jan. 29	1955 Jan. 22	1954 Feb. 20
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,489	1,448	1,450	1,473	1,423	1,208
Electric power by utilities mil. of kw-hr	9,912	9,922	10,047	10,003	9,981	8,551
Motor vehicles (Wards) number in thous	188	183	183	183	184	137
Petroleum (daily avg.) thous. bbl	6,767	6,719	6,721	6,677	6,695	6,320
Steel 1947-49 = 100	125	122	120	119	117	103
Freight carloadings thous. of cars	655	644	641	642	636	619
Department store sales 1947-49 = 100	90	92	86	87	95	86
Commodity prices, wholesale:						
All commodities 1947-49 = 100	110.3	110.3	110.4	110.1	110.1	110.5[a]
Other than farm products and foods 1947-49 = 100	115.4	115.5	115.4	115.2	115.1	114.4[a]
22 commodities 1947-49 = 100	91.5	92.0	91.8	91.7	91.0	87.8
Finance:						
Business loans mil. of dol	22,251	22,096	22,054	22,063	22,163	22,555
Failures, industrial and commercial number	205	238	264	255	265	215

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for February, 1954.

RECENT ECONOMIC CHANGES

Loans Up Slightly

Business loans increased slightly in February, counter to the usual seasonal movement. The rise carried commercial, industrial, and agricultural loans to $22.2 billion, just $200 million below the February, 1954, total. Between the end of December and the end of February, business loans declined only $250 million compared with more than $900 million in the first two months of 1954.

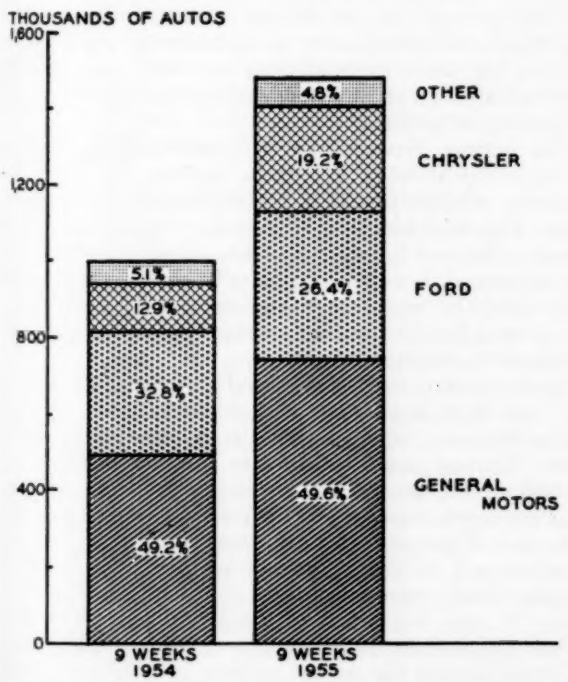
A number of industries that liquidated loans early last year increased their borrowing this year. Included were the metal and metal products industry — reflecting the large increases in auto and steel production — sales finance companies, construction, and the petroleum, coal, chemical, and rubber industries. Textile, apparel, and leather firms increased their loans considerably more than last year.

Auto Output

The automobile industry in the opening nine weeks of 1955 produced about half again as many cars as in the same 1954 weeks. Production for the year to March 4 amounted to almost 1.5 million autos compared with just under 1.0 million last year. Sales were also well above the same 1954 period although a considerable share — more than 10 percent — of current production is going into dealers' inventories.

As shown by the accompanying chart, noticeable shifts occurred in the auto companies' shares of production between early 1954 and 1955. Ford's share of the market fell off sharply as did, to a lesser extent, that of the independents. Chrysler regained much of the ground lost to Ford in 1953 and 1954, though not enough to bring it back to its position in 1952. In that year, General Motors accounted for 41 percent of total production, Ford and Chrysler each accounted for about 22 percent, and the independents for about 15 percent.

AUTOMOBILE PRODUCTION



Source: *Automotive News.*

GNP Advances

After nine months of virtual stability, gross national product turned up sharply in the fourth quarter of 1954. Output of goods and services rose by $6.5 billion to a seasonally adjusted annual rate of $362 billion.

Over half of the increase resulted from a $3.5-billion reduction in the rate of inventory liquidation between the third and fourth quarters. Personal consumption expenditures were up almost $3.0 billion to account for much of the remainder of the advance in total output. Slightly higher construction expenditures (seasonally adjusted) and a shift from a deficit to a surplus position in the foreign investment account offset a further drop in Federal government expenditures during the quarter.

GROSS NATIONAL PRODUCT OR EXPENDITURE

(billions of dollars)

	1954	*1953*	*4th Qtr. 1954**
Gross national product	357.2	364.9	362.0
Personal consumption	234.0	230.1	237.7
Durable goods	28.9	29.7	29.9
Nondurable goods	120.5	118.9	122.1
Services	84.6	81.4	85.7
Domestic investment	46.1	51.4	49.5
New construction	27.6	25.5	29.1
Producers' durable equipment	22.2	24.4	21.7
Change in business inventories	−3.7	1.5	−1.3
Nonfarm inventories only	−3.8	2.2	−1.6
Foreign investment	−.4	−1.9	.8
Government purchases	77.5	85.2	74.1

INCOME AND SAVINGS

National income	300.0	305.0	n.a.
Personal income	286.5	286.1	289.0
Disposable personal income	253.5	250.1	255.9
Personal saving	19.5	20.0	18.2

* Seasonally adjusted at annual rates.

For the year, gross product totaled $357.2 billion, 2 percent below 1953 but 3 percent over 1952. Consumer expenditures increased by $4 billion during the year to mitigate declines in other sectors. The most prominent of these was a $7.7-billion drop in government expenditures. State and local outlays were up by $2.4 billion during the year, but Federal expenditures for national security were reduced by $8.4 billion and other Federal expenditures were also down.

Responding to the decline in security outlays and other sales, inventories were liquidated by $3.7 billion during the year, compared with an accumulation of $1.5 billion in 1953. This decline was accompanied by lower outlays for producers' durable equipment, but private investment in fixed capital as a whole was maintained by increased home building.

Security Offerings Near Peak

Corporations offered a larger volume of securities for cash sale last year than in any year since 1929. Total offerings amounted to $9.6 billion, 8 percent above 1953. About $7 billion was for financing plant and equipment and working capital requirements. This was down a billion dollars from a year earlier mainly because of a sub-

stantially smaller need for external working capital in 1954. The reduction was more than offset by a $1.6-billion increase in refunding issues during the year, the largest volume of such issues floated since 1946.

Electric, gas, and water utilities offered nearly 40 percent of last year's total volume of new issues. Offerings by this group amounted to $3.7 billion, up $700 million from 1953. New issues by manufacturing concerns, at $2.3 billion, were the same as a year ago and accounted for about a fourth of the total. This is in contrast to 1952 when manufacturing corporations issued a record $4.0 billion, 92 percent of that year's offerings. Financial and real estate flotations declined sharply, from $1.6 billion in 1953 to $1.1 billion last year, reflecting reduced demand for credit from sales finance and commercial credit companies.

Foreign Trade in 1954

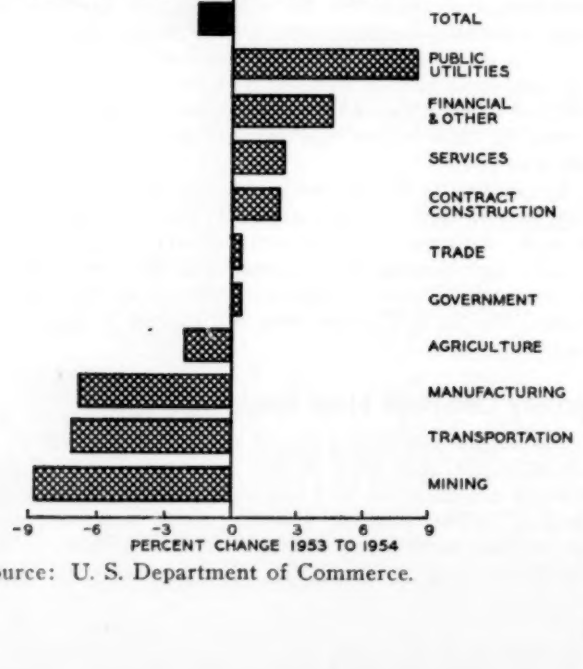
Foreign buyers increased purchases from this country last year despite reduced imports by the United States. Exports excluding military shipments rose by almost a half billion dollars to $12.8 billion last year. Imports amounted to $10.2 billion compared with $10.9 billion the year before. Most of the decline in imports centered in metals, fibers, rubber, fats and oils, hides and skins, and other industrial raw materials.

Higher exports to Western European countries more than offset declines in shipments to Canada, Latin America, and some other areas. The increased demand from Western Europe reflected continued expansion of manufacturing activity, particularly in the Netherlands, Germany, and the United Kingdom, and need for such United States materials as nonferrous metals, cotton, and industrial chemicals.

Industrial Origin of National Income

Last year's decline in business activity was concentrated in a few major sectors of the economy. As indicated by the accompanying chart, four industries accounted for the drop — manufacturing, mining, transportation, and agriculture.

INDUSTRIAL ORIGIN OF NATIONAL INCOME



Source: U. S. Department of Commerce.

The reduction in agriculture was small compared with 1952 and 1953, but income originating in the other three industries — which accounted for 37 percent of total national income last year — was down by $8.2 billion from 1953. About $6.5 billion of this decline was in manufacturing, much of which was concentrated in the metal and metal products industries. Reductions in mining and transportation for the most part reflected the cutback in manufacturing and reduced demand for raw materials and shipping facilities.

Employment Steady

Only small changes occurred in employment and unemployment between January and February. Employment was down slightly, as increased manufacturing employment failed to balance seasonal cutbacks in farm and construction activity during the month.

Unemployment was about the same as in February. Census data in thousands of workers are as follows:

	February 1955	*January 1955*	*February 1954*
Civilian labor force	63,321	63,497	63,725
Employment	59,938	60,150	60,055
Agricultural	5,084	5,297	5,704
Nonagricultural	54,854	54,853	54,351
Unemployment	3,383	3,347	3,670

Accompanying last month's increase in factory employment was some lengthening of the workweek. The average workweek amounted to 40.3 hours, about twenty minutes longer than in January and almost an hour longer than in February, 1954.

Turnabout: 1947-1955

(Continued from page 2)

As we move into 1955 the broad picture is that of an economy facing increasing saturation with durable goods of all kinds: plant and equipment, houses, autos, and other consumers' durable goods. High current rates of investment in durables of all kinds imply a degree of overproduction that has to be corrected after a while. When it is corrected, the decline cannot be compensated by a rise in consumption so as to maintain the level of activity; for when investment is cut back, consumption will drop also. In these circumstances lies the basis for the next major setback.

The balance between the structural changes making for increased stability and those making for increased instability depends primarily on the vigor of government action. The likelihood of extremely vigorous action is perhaps enhanced by the possibility of stepping up military programs, though it is generally conceded that such action would be inappropriate for domestic reasons alone. The balance has hardly been changed so much, however, as to prevent declines entirely.

Every postwar boom has wound up in a major depression, and there is no reason to think that this one will have a different ending. Barring large new military programs, this one seems unlikely to continue through the last half of the decade. Taking everything into account, we may concede that the next depression won't be so bad as the last. That doesn't mean, however, that it couldn't be bad enough. In 1933, 12 million workers, one-fourth of the labor force, were unemployed. But the labor force has grown. If only one-eighth of the 1955 labor force were thrown out of work, there would be 8 million unemployed. The problem for the policy makers is how to prevent such a development. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Why People Buy Durables

A bulletin reporting the results of a pilot study on factors influencing durable goods purchases and plans has just been released by the Bureau of Economic and Business Research. It is based on a series of interviews concerning possible, probable, and actual purchases of durable goods as well as the motives behind them. The importance of the respondent's outlook on political and economic trends to his plans and purchases of durable goods was also studied.

The survey used a panel technique, whereby the same families were interviewed periodically, rather than the customary spot interviews. Attempts were made to determine such things as whether or not purchases of consumer durables are planned well ahead of the actual time of purchase, if certain groups plan and others do not, which groups fulfill their plans and which do not, what factors enter into the making of plans and into their final fulfillment, and what effect expectations have on plans and their realization.

Entitled *Factors Influencing Durable Goods Purchases,* this bulletin, by Professor Robert Ferber of the University of Illinois, is available from the Bureau for $1.00.

Liquid Lead Pencils

A new product and a new arrangement for marketing it are making news this spring. The product is a ballpoint pencil which uses liquid graphite contained in a changeable capsule. Advantages of this over conventional lead pencils are that the point will not wear or break and that one capsule will enable the user to write six times as long as with an ordinary pencil. The marks made by the liquid lead look very much like those of hard lead and can be erased almost as easily.

The arrangement is between two competitors to share formulas, trade names, and marketing facilities. The Parker Pen Company was the first to hit the press with news of the liquid graphite, but Scripto beat them to the market. The result is an agreement between the two companies that Scripto will make the less expensive pencils, using the Parker formulas, and Parker will sell models priced at $5.00 or more.

American Films Abroad

Earnings of United States motion pictures abroad were at a record high of $200 million in 1954, according to the Department of Commerce. Since foreign revenues make up almost 40 percent of total earnings, this means a considerable boost for the industry as a whole.

Two reasons are given for this increase in earnings. One is the export of carefully selected films having the greatest appeal. American movies accounted for almost 70 percent of all showing time in the free world during 1954. The proportion was lowest in Europe (55 percent) and, except for the United States itself, was highest in Latin America, where it was about three-fourths of all showing time. The other reason is the growth in facilities overseas. The number of theaters in the free world has increased about 10 percent since 1951, and seating capacity has risen 5 percent.

Competition from foreign-produced films, particularly from European nations, has increased sharply in the past few years. In 1951 the United States accounted for 74 percent of the films shown, whereas its share in 1954 was only 68 percent.

Liquid Asset Holdings

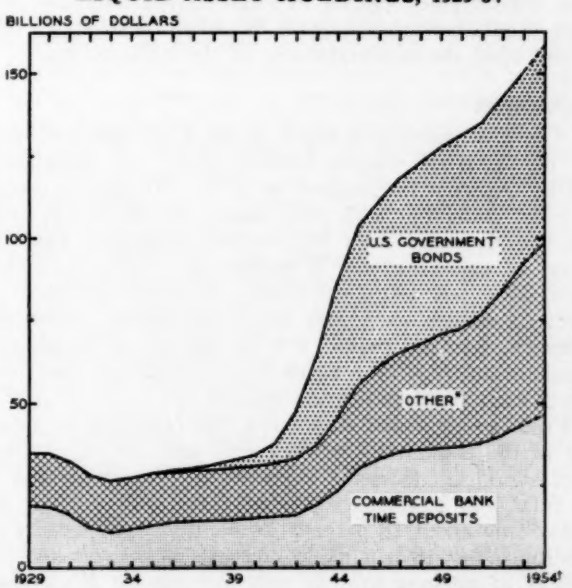
The year 1954 brought another increase in the liquid assets held by Americans. Preliminary figures set total savings for the year at $19.5 billion. Of this, about $6 billion was accumulated in the forms charted below, bringing their total to a record $157 billion. It should be noted that this chart does not include any changes in the holdings of currency or demand deposits, which often are an important part of liquid assets.

About half of the $6-billion annual gain of the selected liquid assets last year was in the deposits of savings and loan associations, and most of the remainder was in the time deposits of commercial banks. United States savings bonds, after suffering a slight drop in 1953, held their own during 1954. Postal savings, on the other hand, continued their gradual decline.

The chart below pictures the growth of these liquid assets over the past twenty-five years. The depression years brought a goodly amount of dissaving, but after 1933 the upward climb of savings was resumed. The years 1941 through 1945 saw the sharpest rise yet recorded. This was the result of war-induced prosperity and restricted consumption during those years. Most of the increase was in holdings of savings bonds, which had strong appeal both from a patriotic and from an investment point of view.

Since the close of the war, the accumulation of these liquid assets has continued, but at a much slower rate. Although wages and salaries have remained high, much of this money has been put into consumer durables rather than into savings. The one sector which has risen sharply is savings and loan association deposits, which are now almost five times their amount in 1945.

LIQUID ASSET HOLDINGS, 1929-54



*Savings associations, mutual savings banks, postal savings.
†Estimated.
Sources: U. S. Savings and Loan League; Federal Reserve Board.

WHERE OUR NATIONAL ECONOMY IS HEADING

GROVER W. ENSLEY, Staff Director
Joint Committee on the Economic Report, United States Congress

From earliest times Americans have liked to set goals for themselves. Actual developments have usually exceeded these goals; particularly is this true in the economic area.

In the late 1920's, when the nation was thinking in terms of a "new era," I doubt if many visionaries thought, or economic analysts assumed, that in the short span of the following 25 years, while overcoming the twin disasters of a deep, prolonged depression and an exhausting world war, we would increase population nearly one-third; reduce the average workweek four hours; increase output per man-hour 75 percent; double national production in constant prices; and raise real disposable incomes per capita nearly 50 percent.

Perhaps one reason achievements have typically exceeded expectations lies precisely in this characteristic persistence of Americans in looking ahead. But looking ahead is not a complete explanation of our phenomenal progress. More important is the inherent eagerness of Americans to adjust plans, to change traditional ways of doing things, to work hard, and even to pull up stakes and move in an attempt to be more productive, to raise living standards, and to secure greater freedom.

The question of where our economy is heading is a subject uppermost in the mind of every person connected with the machinery of the Employment Act of 1946. The Joint Economic Committee staff constantly projects trends of population, labor force, hours of work, productivity, and the trends, plans, and expectations of government, business, and consumers to see if they throw light on where our economy "may" be heading. The staff has recently assembled what we hope is a reasonable and consistent set of economic projections of these factors for the next decade. We have sought to construct a nation's economic budget by major segments for 1965. These materials are not presented as a forecast or prediction of what will actually happen in 1965. Rather they are projections of what could happen. Whether they happen will depend upon the reasonableness of the assumptions.

Population

A look at population trends is the first important step. On the basis of present fertility rates, our population can be expected to increase to about 190 million people by 1965, compared with just under 160 million in 1953 and slightly more than 162 million currently. This increase of approximately 30 million in twelve years (between 1953 and 1965) represents an annual increase of about 2.5 million each year and is predicated on the assumption that the period will be one of well-sustained economic activity. If a depression occurs, we could not expect such rapid population growth.

From an economic standpoint, the changing composition of the population between 1953 and 1965 is perhaps more significant than the expected 19 percent growth in the total. For example, the labor force will probably increase only about 18 percent. In contrast, the number of children under 18 will likely increase 28 percent and the number of persons over 65 will increase by 30 percent. The effect of these population changes during the next decade will be to increase the demand for food, clothing, shelter, and other consumer goods and services, on the one hand, and to decrease the rate of savings of the family breadwinner on the other.

Factors Making for Growth

Let us now analyze more specifically the factors making for economic growth on the supply, or production, side during the next few years. These are the size of the labor force, hours of work, and productivity.

On the basis of present knowledge of trends in participation rates the total labor force in 1965 should be about 79 million. Taking into account present cold-war requirements, perhaps 3 million will be in the armed services. It is also arbitrarily assumed that approximately 4 percent of the civilian labor force will be temporarily unemployed as a result of technological changes and normal turnover in a dynamic and expanding economy.

These assumptions suggest civilian employment of 73 million persons in 1965 as compared with approximately 62 million in 1953. Another 7.5 million persons seem likely to be employed in civilian government — Federal, state, and local — compared with 6 million in 1953. These calculations leave 65 million persons in private employment in 1965 — an increase of just over 10 million from 1953.

Average hours of work are expected to continue to decline. This might take the form of a reduction in the workweek by 1965 of as much as four hours, or an increase in vacation or holidays of 20 to 25 days per year, or some combination of these alternatives, adding up to a reduction of about 200 hours per year per man by 1965. A three-day week-end is something to look forward to in the years ahead. The economic and social implications of this trend cannot be minimized. Additional investment and consumer expenditures to satisfy the leisure-time hobbies and educational and cultural pursuits of the population should be a substantial expansionary force.

The third factor affecting potential production in 1965 is, of course, productivity, as measured in terms of output per man-hour. Here lies the real secret of American economic strength. Intensive research and development plus a high level of investment by industry and agriculture are expected to make possible continued spectacular advances in output per man-hour worked.

It is assumed that agricultural output per man-hour will increase 3 percent per year, somewhat less than in recent years, but higher than the 1910-53 average of about 2 percent. In nonagricultural industries the rise is assumed to be about 2.5 percent per year on the average. This is above the 1910-53 average, but is edged a bit upward because of the effects of a high rate of investment and of technological advance.

One implication of this trend is that fewer workers will be needed on farms. Those who remain on the farm must be more highly skilled. Industry must provide proportionately more job opportunities. Increasing numbers of workers in all fields of endeavor will be called upon to make employment adjustments — to learn new skills, move to new locations, develop abilities for leisure.

Factors on the Demand Side

Efforts to arrive at acceptable assumptions respecting factors making for economic growth on the demand side present a much more difficult and hazardous task.

Total government expenditures for goods and services — Federal, state, and local — could exceed $95 billion in 1965, compared with $85 billion in 1953. Unless the international situation changes materially, national defense programs could require Federal expenditures of about $40 billion per year. Public civilian construction could amount to at least $17 billion compared with $10 billion in 1953. There will be increases in other government civilian expenditures as the population grows and as pay-scales increase generally.

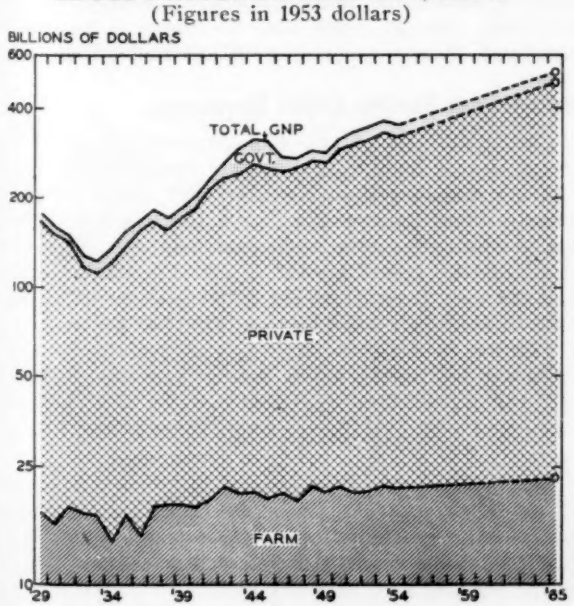
As a first approximation, the Federal budget is assumed to be balanced in 1965 at levels permitting tax reductions of perhaps 15 to 20 percent below hypothetical yields at present rates. We would expect a state and local government deficit of some $2 billion — reflecting the financing of schools, highways, hospitals, and other public investment expenditures necessary on a vast scale to keep up with a rapidly growing population.

Estimates of the rate of private investment during the next decade have been made on the assumption that population growth, research and development, and intense competitive pressures will greatly expand business investment opportunities. We have estimated that residential nonfarm construction will increase from $12 billion in 1953 to $16 billion in 1965 to achieve and maintain the stock of housing demanded by the anticipated 56 million households. This is equivalent to adding about 1½ million new housing units per year as compared with slightly more than 1 million in 1953 and 1954.

Business expenditures on plant and equipment are assumed to amount to $60 billion per year — approximately 60 percent over 1953. This figure is made up of about $25 billion to replace fixed assets actually retired, and about $35 billion for accelerated replacement of obsolete but not worn-out assets and for the expansion of capacity. The development of atomic and, possibly, solar energy for peacetime uses on a practical scale would open the way to huge investment expenditures to provide cheap and virtually unlimited power to every geographic location.

The area that could either most contribute to or disturb balanced economic growth over the next decade will be the pattern of consumer budgeting of income between savings and spending. If personal savings, for example, amount to about 6 percent of personal disposable income, as compared with 7.7 percent in 1954, consumer demand would approximate $360 billion in 1965 as compared with $230 billion in 1953. The reasonableness of such a relatively low rate of savings a decade hence can be questioned, but we are impressed by the argument that American families will be buying more for their youngsters, with a consequently reduced capacity to save.

GROSS NATIONAL PRODUCT, 1929-65
(Figures in 1953 dollars)



On the basis of the assumptions set forth above, the aggregate demand of government, business, and consumers will clear the market of the $535-billion potential production. If events are to approximate this model, personal expenditures for consumption must, by one means or another, increase significantly. It is believed that this adjustment, as well as most of the others that may be needed, can come about as usual through the spontaneous adaptation of the free private competitive system. But I would emphasize the important role of government monetary and fiscal policies in facilitating this expansion.

Reasons for Optimism

In spite of the obvious difficulty involved in making some of these adjustments, there are reasons for being optimistic about the outlook for long-run stability and growth. First of all, the American spirit of enterprise gives industry, agriculture, and labor a competitive drive to always surpass the achievements of the past.

A second force for economic expansion is the demand on the part of the average American constantly to raise his level of living. In recent years housewives, youth, and the aged have been taking jobs whenever given an opportunity, in order to supplement family income and buy that television set, refrigerator, or what-not. I see no reason why we should witness any lessening of this driving force during the next decade.

A third factor important at present, and particularly promising for the future, is the new machinery and the evolutions of skill — both public and private — for making economic adjustments. The Employment Act of 1946 is an illustration of the recent recognition of the cooperative responsibility of the Federal government for dealing with problems of economic fluctuation and growth.

The moderate projections presented here for 1965 suggest the probability during the 12 years between 1953 and 1965 of an increase in population of one-fifth; a reduction of the average annual hours of work of nearly 10 percent; an increase in output per man-hour of 40 percent in agriculture and 35 percent in private industry; an increase in total national output of nearly 50 percent in constant prices; and a rise in real disposable income per capita of nearly 30 percent. The accompanying chart, which uses a ratio scale, compares projected 1965 gross national product with past trends.

No discussion about where our economy may be heading would be complete without a word about the cold war. This struggle may necessitate even greater expenditures than those assumed in our projections. This, of course, has far-reaching implications for living standards and for general economic policy for the years ahead. The thesis of some people that the economy must experience significant economic fluctuations to strengthen the basic structure and eliminate the inefficiency and waste cannot be accepted today. Our position of world leadership in a struggle for survival against imperialistic communism necessitates that the American economy remain constantly strong. We must fully utilize our human resources, for only through production can we provide direct and indirect proof to the rest of the free world and the vast uncommitted areas of the world that our way of life is best.

LOCAL ILLINOIS DEVELOPMENTS

Seasonal declines highlighted the movements of Illinois business indicators during the month of January. Department store sales fell more than 50 percent from their December level. Drops of 10 to 12 percent were recorded in construction contracts awarded, bank debits, and life insurance sales.

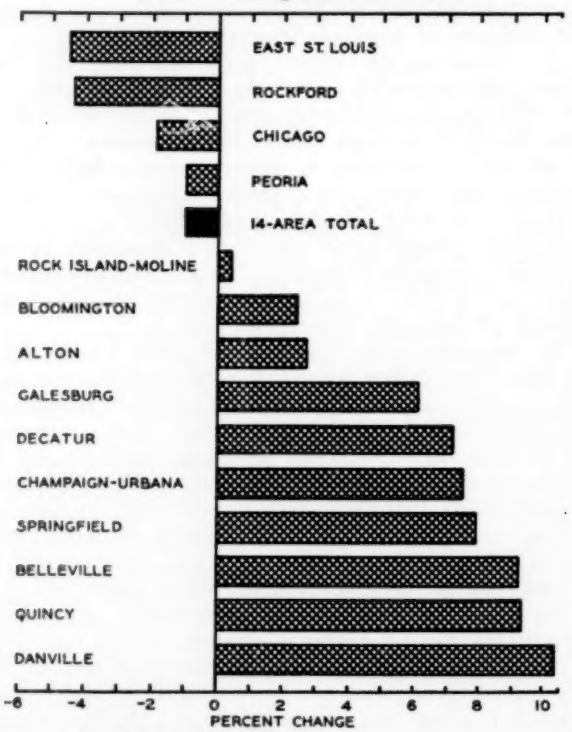
For trend comparisons, the relations of the January, 1955, indexes to those of a year earlier are more meaningful. Construction contracts and life insurance sales, despite their seasonal declines, were more than 20 percent ahead of January, 1954. Petroleum production was also more than 20 percent greater than a year ago. Both department store sales and bank debits showed increases of 7 percent over 1954.

Electric Power Consumption

Electric power consumed in sixteen selected Illinois cities totaled about 1 percent lower in 1954 than in 1953. Only four reporting areas showed declines, and these were smaller percentagewise than most of the gains recorded. However, the drops occurred in the four largest cities in the State — Chicago, Peoria, Rockford, and East St. Louis — and their influence more than offset the rise in use in the other ten areas. Chief among the causes of these four declines was the cutback in the production of heavy industry last year which reduced the power needs of these areas.

As may be seen in the chart, gains in the other ten areas ranged from 0.3 percent in the Rock Island-Moline area (which was also hit by the cutbacks in heavy industry operation) to 10.4 percent in Danville, which is currently undergoing industrial expansion. With half of the reporting areas using over 6 percent more power in 1954 than in 1953 and others showing some gains, the importance of the slight drop in total use by our sample is somewhat mitigated.

ELECTRIC POWER CONSUMPTION
Percent change, 1953 to 1954



Source: Local power companies.

Securities Registration

Last year was the first effective year of the new Illinois Securities Act of 1953, a law formulated to rid the State of the troubles caused by the ambiguous and oft-amended law of 1919. It provides for the registration of all new securities to be offered in Illinois and for the registration of dealers and salesmen of these securities in an effort to prevent fraudulent sales in Illinois.

Booming securities markets in 1954 were a fertile ground on which to test the new act. In all, 155 applications for security registration were made; of these 129 were approved. The registrations totaled $827 million, up 30 percent from 1953 and the largest volume since World War II. Almost three-fourths of these were debt offerings, leaving an unusually low percentage for equity securities. Four industries accounted for almost 95 percent of all the securities registered — electric, gas, and water, finance and investment, manufacturing, and transportation and communications.

Agricultural Credit

Rising credit demands in the fourth quarter of 1954 boosted the amount of agricultural loans outstanding 24 percent in the northern two-thirds of Illinois, enough to bring the annual gain up to 5 percent, according to the Research Department of the Federal Reserve Bank of Chicago. The increase would have been larger had it not been for a substantial seasonal decline in Commodity Credit Corporation loans during the third quarter.

Short-term loans increased almost 20 percent during the year, as Illinois farmers added 5 percent more feeder cattle to their herds than in 1953 and did so at appreciably higher prices. Real estate loans to Illinois farmers in the Seventh Federal Reserve District were also up, totaling 6 percent more than at the end of 1953.

The widespread drouth last year was a major stimulant to agricultural credit. In many cases, the effects were so severe that farmers had to turn to real estate credit to obtain the needed operating capital for 1955. Increasing amounts were also borrowed to finance improvements in water management and utilization.

Bond Issues Bolster Local Revenues

Throughout the State, city governments have been turning to new bond issues to bring needed improvements to their communities. In Kankakee last month voters approved a bond issue of $2,225,500 for new school buildings. At the same time additional help was granted the schools as the voters agreed to increase the educational fund tax rate from $1.04 per $100 assessed valuation to $1.40. In Buffalo, a bond issue of $150,000 was passed for an addition to Tri-City High School. Another new high school will be constructed in Peoria from the proceeds of a $2-million bond issue approved there. A new elementary school and additions for two others were the object in approval of $800,000 in bonds in Champaign.

The bond issues for improvements other than schools did not always fare so well. In LaSalle a $1.5-million issue for the rehabilitation of the sewer system was rejected. Kewanee voters also defeated an issue of $320,000 for the building of a new city hall.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

January, 1955

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$17,227**[a]	**1,019,777**[a]	**$714,792**[a]		**$13,040**[a]	**$13,081**[a]
Percentage Change from Dec., 1954	*−36.7*	*+2.8*	*+26.9*	*−51*	*−12.4*	*−32.3*
Percentage Change from Jan., 1954	*+19.2*	*+4.2*	*+7.6*	*+6*	*+7.0*	*+3.8*
NORTHERN ILLINOIS						
Chicago	**$13,170**	**782,168**	**$529,509**		**$11,921**	**$11,330**
Percentage Change from Dec., 1954	*−33.0*	*+2.8*	*+30.4*	*−51*	*−12.7*	*−31.3*
Percentage Change from Jan., 1954	*+36.4*	*+2.8*	*+9.2*	*+6*	*+7.1*	*+3.5*
Aurora	**$ 248**	n.a.	**$ 9,634**		**$ 52**	**$ 110**
Percentage Change from Dec., 1954	*+281.5*		*+25.4*	*−52*	*−6.8*	*−31.8*
Percentage Change from Jan., 1954	*+61.0*		*−1.4*	*+13*	*+7.1*	*+4.0*
Elgin	**$ 97**	n.a.	**$ 7,985**		**$ 33**	**$ 96**
Percentage Change from Dec., 1954	*−50.8*		*+28.1*	*−58*	*−9.0*	*−29.3*
Percentage Change from Jan., 1954	*−43.3*		*+10.6*	*+12*	*+18.0*	*+13.9*
Joliet	**$ 233**	n.a.	**$14,610**		**$ 66**	**$ 87**
Percentage Change from Dec., 1954	*−63.8*		*+32.1*	*−54*	*−8.4*	*−48.6*
Percentage Change from Jan., 1954	*−65.9*		*−9.0*	*+12*	*+14.1*	*−12.1*
Kankakee	**$ 111**	n.a.	**$ 7,019**		n.a.	**$ 35**
Percentage Change from Dec., 1954	*−43.9*		*+27.2*	n.a.		*−51.1*
Percentage Change from Jan., 1954	*+73.4*		*+4.9*			*+5.3*
Rock Island-Moline	**$ 303**	**23,237**	**$11,852**		**$ 82**[b]	**$ 156**
Percentage Change from Dec., 1954	*−76.7*	*+7.6*	*+22.6*	n.a.	*−7.4*	*−40.3*
Percentage Change from Jan., 1954	*+52.3*	*+15.8*	*+2.1*		*+7.3*	*−1.9*
Rockford	**$ 655**	**34,401**	**$21,260**		**$ 142**	**$ 210**
Percentage Change from Dec., 1954	*−48.3*	*−0.5*	*+23.6*	*−59*[c]	*−9.5*	*−35.2*
Percentage Change from Jan., 1954	*−53.5*	*+6.3*	*+3.1*	*+7*[c]	*+11.7*	*+11.1*
CENTRAL ILLINOIS						
Bloomington	**$ 59**	**7,351**	**$ 6,956**		**$ 57**	**$ 79**
Percentage Change from Dec., 1954	*−27.2*	*+1.2*	*+27.8*	n.a.	*−4.1*	*−30.4*
Percentage Change from Jan., 1954	*+13.5*	*+3.9*	*+6.5*		*+0.7*	*−1.7*
Champaign-Urbana	**$ 148**	**10,068**	**$ 9,319**		**$ 55**	**$ 84**
Percentage Change from Dec., 1954	*−3.3*	*+4.5*	*+26.9*	n.a.	*−7.1*	*−48.0*
Percentage Change from Jan., 1954	*+270.0*	*+5.1*	*+2.7*		*+0.9*	*+8.6*
Danville	**$ 208**	**10,391**	**$ 7,785**		**$ 45**	**$ 61**
Percentage Change from Dec., 1954	*+23.8*	*+7.0*	*+24.3*	*−58*	*−9.8*	*−39.5*
Percentage Change from Jan., 1954	*+94.4*	*+8.7*	*+1.0*	*−1*	*+9.5*	*+16.6*
Decatur	**$ 469**	**25,435**	**$14,171**		**$ 98**	**$ 105**
Percentage Change from Dec., 1954	*−20.6*	*−2.9*	*+30.1*	*−50*[c]	*−13.9*	*−40.9*
Percentage Change from Jan., 1954	*+300.9*	*+17.5*	*+7.5*	*+10*[c]	*+0.6*	*+3.6*
Galesburg	**$ 88**	**7,380**	**$ 5,573**		n.a.	**$ 36**
Percentage Change from Dec., 1954	*−27.3*	*+1.8*	*+38.3*	n.a.		*−40.5*
Percentage Change from Jan., 1954	*+576.9*	*+10.2*	*+4.5*			*−0.2*
Peoria	**$ 591**	**49,116**[c]	**$21,532**		**$ 185**	**$ 237**
Percentage Change from Dec., 1954	*+81.3*	*+4.0*	*+23.3*	*−58*[c]	*−11.7*	*−34.8*
Percentage Change from Jan., 1954	*+135.5*	*+10.8*	*+6.1*	*+8*[c]	*+4.8*	*+21.9*
Quincy	**$ 86**	**8,584**	**$ 6,506**		**$ 38**	**$ 61**
Percentage Change from Dec., 1954	*−43.8*	*+5.5*	*+25.2*	*−58*	*−2.7*	*−43.5*
Percentage Change from Jan., 1954	*+138.9*	*+14.0*	*+4.8*	*+4*	*+14.6*	*−22.9*
Springfield	**$ 386**	**31,369**[c]	**$17,095**		**$ 103**	**$ 244**
Percentage Change from Dec., 1954	*+50.2*	*+4.5*	*+27.7*	n.a.	*−5.4*	*−27.6*
Percentage Change from Jan., 1954	*+247.7*	*+12.3*	*+6.9*		*+7.7*	*+8.6*
SOUTHERN ILLINOIS						
East St. Louis	**$ 169**	**11,910**	**$11,789**		**$ 127**	**$ 77**
Percentage Change from Dec., 1954	*−63.8*	*−0.5*	*+25.1*	n.a.	*−10.7*	*−42.1*
Percentage Change from Jan., 1954	*−82.5*	*−7.4*	*+5.2*		*+0.9*	*+4.8*
Alton	**$ 91**	**12,026**	**$ 6,577**		**$ 35**	**$ 31**
Percentage Change from Dec., 1954	*−93.0*	*+1.3*	*+32.5*	n.a.	*−9.6*	*−49.8*
Percentage Change from Jan., 1954	*+15.2*	*+3.3*	*−0.8*		*−1.8*	*+14.7*
Belleville	**$ 115**	**6,340**	**$ 5,618**		n.a.	**$ 42**
Percentage Change from Dec., 1954	*−59.5*	*+6.6*	*+24.4*	n.a.		*−42.1*
Percentage Change from Jan., 1954	*−66.1*	*−0.7*	*+6.2*			*+5.8*

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for December, 1954, the most recent available. Comparisons relate to November, 1954, and December, 1953. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports.

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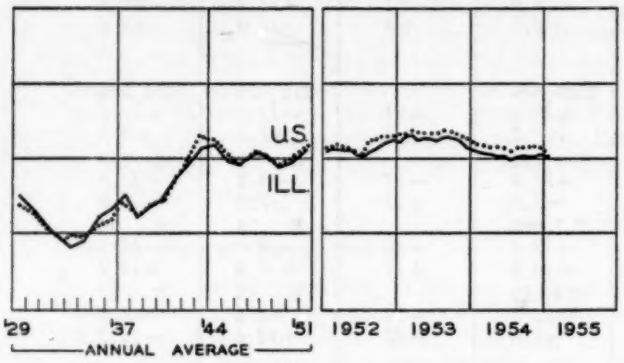
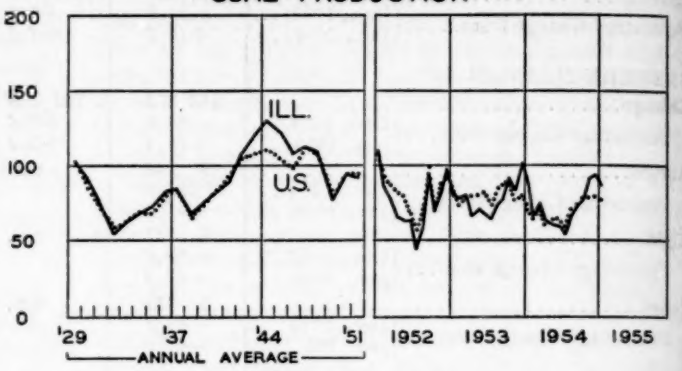
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

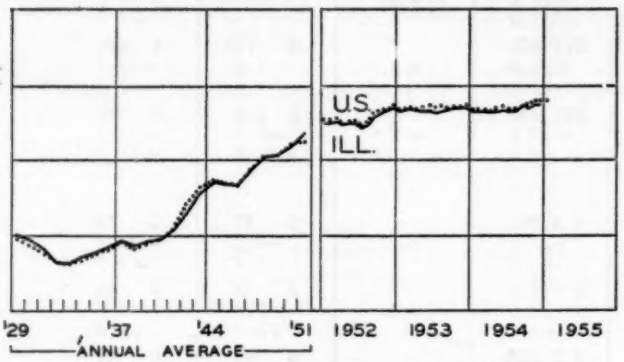
EMPLOYMENT - MANUFACTURING



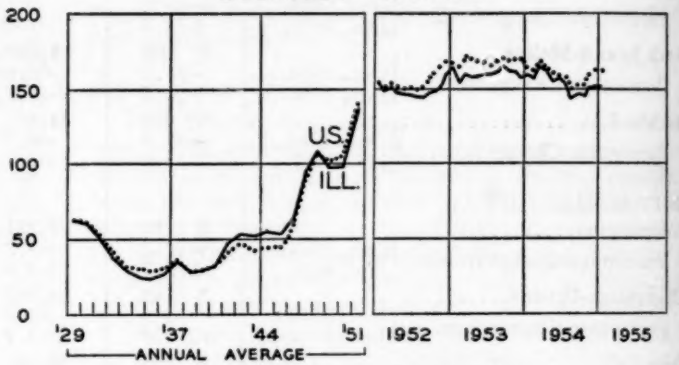
COAL PRODUCTION



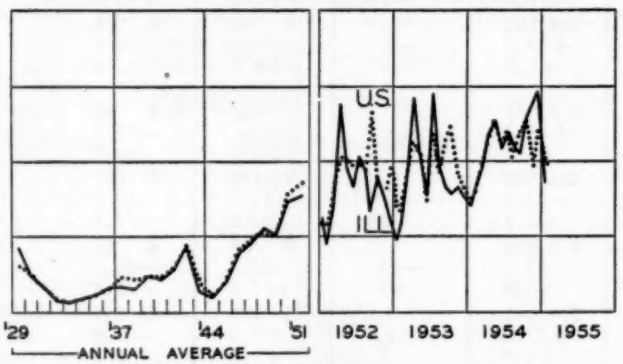
AVG. WKLY. EARNINGS — MANUFACTURING



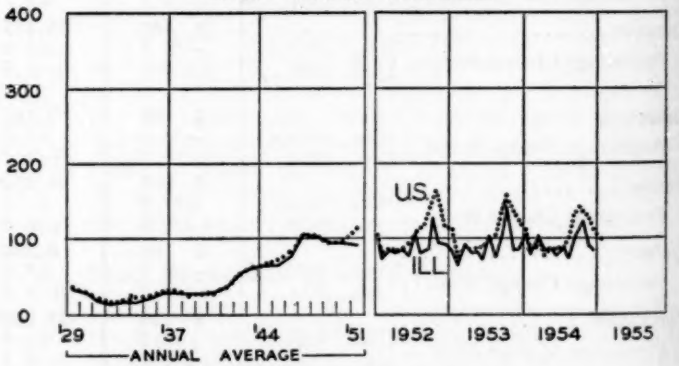
BUSINESS LOANS



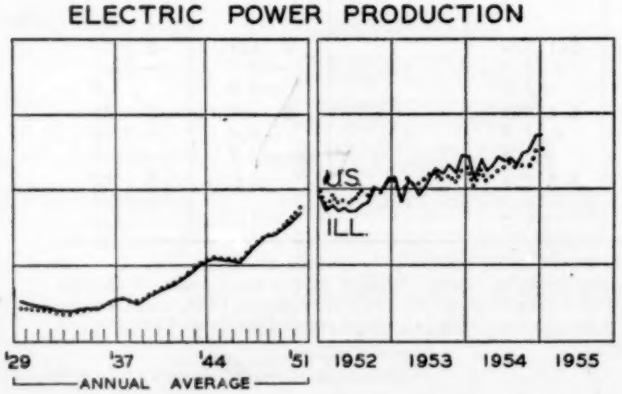
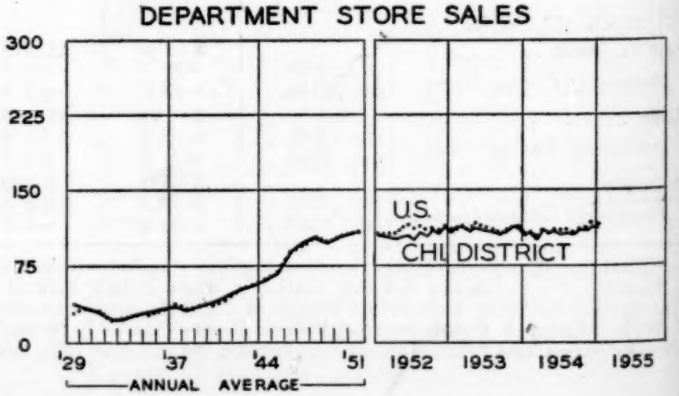
CONSTRUCTION CONTRACTS AWARDED



CASH FARM INCOME



ELECTRIC POWER PRODUCTION



DEPARTMENT STORE SALES